

Half year information provided to the ASX under listing rule 4.2A,
to be read in conjunction with the most recent annual financial report.

Appendix 4D

Half Year Report

Period ending on 31 December 2008

Name of entity

HITEC ENERGY LIMITED

ABN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
38 009 113 160	<input checked="" type="checkbox"/>	<input type="checkbox"/>	31 DECEMBER 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

\$A'000

Revenues from ordinary activities	up /down	159%	to	100
Loss from ordinary activities after tax attributable to members	up /down	19%	to	(376)
Loss from ordinary activities after tax attributable to members	up /down	19%	to	(376)
Loss for the period attributable to members	up /down	19%	to	(376)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend)		
Interim dividend	N/A	N/A
Previous corresponding period	N/A	N/A

Earnings per security (EPS)	Current period	Previous corresponding period
Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
(a) Basic EPS	(0.084)	(0.103)
(b) Diluted EPS		
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	447,739,284	447,739,284

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ⁺ ordinary security	0.24 cents	0.32 cents

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to be read in conjunction with the most recent annual financial report.

Review of Operations

Please refer to the attached Directors' Report

Associates & Joint Ventures

Please refer to the attached Financial Report – Joint Venture had not crystallised as of 31 December 2008.

Compliance statement

- 1 This report has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed
- 4 This report is based on +accounts to which one of the following applies.

<input type="checkbox"/>
<input type="checkbox"/>

The +accounts have been audited.

The +accounts are in the process of being audited or subject to review.

<input checked="" type="checkbox"/>
<input type="checkbox"/>

The +accounts have been subject to review.

The +accounts have *not* yet been audited or reviewed.

- 5 The accounts are not the subject of any dispute or qualification.
- 6 The entity does not have a formally constituted audit committee.



Sign here:
(~~Director~~/Company Secretary)

Date: 18 February 2009

Print name:GREG LEDGER.....



HiTec Energy Limited

Half Year Report
31 December 2008

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Directors' Report

For the half year ended 31 December 2008

Your directors present their report for the half year:

DIRECTORS' INFORMATION

The names of the Directors who held office during and since the period under review:

N Coldham-Fussell	(Chairman)
A Scott	(MD & CEO)
MH Titley	(Non-Executive Director)
DR Teplitzky	(Non-Executive Director)
PA Blonk	(Non-Executive Director) (appointed 24 October 2008)

REVIEW OF OPERATIONS

During the half year the Company's activities in pursuit of both its ore export and technology commercialization strategies have been detailed in the reports submitted to the Australian Stock Exchange Limited (ASX) for the quarters ended 30 September 2008 and 31 December 2008. Additionally, details of exploration drilling results at its Ant Hill and Sunday Hill mining leases were published in a separate media announcements dated 16 January 2009 and 11 February 2009.

Commercialization of HiTec's patented technologies has progressed during the half year, albeit at a very slow pace given the focus of all available resources in support the ore export strategy. Nevertheless, conceptual design and feasibility study works have continued in respect of the staged development of a secondary processing plant sited in Port Hedland that would ultimately employ all the Company's technologies and produce a variety of value added products from the fines created by the lump ore export business. Discussions continue to take place with third parties wishing to employ our technology in existing or new plants of their own, but this work has not been afforded any priority, despite the volume of enquiries increasing as supply shortages have significantly raised prices for both EMD and fertilizer products.

As noted above, the Farmin and Joint Venture Agreement entered into in late April 2008 has been the principle focus for the Company over the half year under review. Under the arrangements HiTec is responsible for marketing any tonnages produced on behalf of both of the joint venture parties. This work has comprised discussions with potential offtakers, mine and port visits by potential offtakers, visits to alloy smelters, ore and alloy modelling, plus putting in place arrangements for the port, cargo loading and shipping. By the end of the period under review, the Mesa Mining Joint Venture had laid down a saleable cargo of 30,000 tonnes of manganese lump ore in which HiTec held a 50% undivided interest.

Application for full mining authorities over the Company's two mining leases has been lodged with the Western Australian Department of Industry and Resources and the joint venture parties are hopeful of being granted these in the near future.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 14 of this report.

This report is signed in accordance with a resolution of the Board of Directors.

Dated at Perth this 18th day of February 2009



ALAN SCOTT
Managing Director

Directors' Declaration

The directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 5 to 11 are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



ALAN SCOTT
Managing Director

Dated at Perth this 18th day of February 2009

Income Statement

For the half year ended 31 December 2008

	2008	2007
	\$	\$
Revenue from continuing operations		
Battery sales	900	2,280
Consultancy fees	53,700	-
Interest	45,028	36,193
Total Revenue	99,628	38,473
Other Income		
Export market development grant	9,538	-
Rent	6,600	6,600
Sundry income	130	-
Total Revenue & Other Income	115,896	45,073
Expenditure		
Administration	144,534	139,280
Business development	97,352	68,513
Cost of goods sold	746	1,491
Depreciation	4,188	3,425
Employee benefits	224,842	226,497
Exploration	1,405	73,854
Patenting	20,294	7,854
Research & development	57,601	47,700
	550,962	568,614
Loss before income tax	(435,066)	(523,541)
Income tax benefit	59,028	60,324
Loss for the half year	(376,038)	(463,217)
Earnings per share for loss attributable to the ordinary equity holders:		
Basic loss (cents per share)	(0.084)	(0.103)
Diluted loss (cents per share)	(0.084)	(0.103)

Balance Sheet

As at 31 December 2008

	31 Dec 08	30 Jun 08
	\$	\$
Current assets		
Cash & cash equivalents	1,037,855	1,406,791
Trade & other receivables	153,205	44,775
Inventories 7 & 8	149	895
Prepayments	9,264	23,788
	1,200,473	1,476,249
Non-current assets		
Trade & other receivables	32,005	43,578
Plant & equipment	19,113	14,187
	51,118	57,765
Total assets	1,251,591	1,534,014
Current liabilities		
Trade & other payables	134,201	43,700
Provision for long service leave	10,278	9,737
	144,479	53,437
Non-current liabilities		
Provision for long service leave	33,495	30,922
Total liabilities	177,974	84,359
Net assets	1,073,617	1,449,655
Equity		
Contributed equity	31,945,649	31,945,649
Reserves	-	24,421
Accumulated losses	(30,872,032)	(30,520,415)
Total equity	1,073,617	1,449,655

Statement of Changes in Equity

For the half year ended 31 December 2008

	Share Capital	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2007	31,945,649	(30,569,429)	37,905	1,414,125
Loss for the period	-	(463,217)	-	(463,217)
Total recognised income & expense for the period	-	(463,217)	-	(463,217)
Transfer of previously booked cost for options lapsed during the period	-	14,217	(14,217)	-
Balance at 31 December 2007	31,945,649	(31,018,429)	23,688	950,908
Balance at 1 July 2008	31,945,649	(30,520,415)	24,421	1,449,655
Loss for the period	-	(376,038)	-	(376,038)
Total recognised income & expense for the period	-	(376,038)	-	(376,038)
Transfer of previously booked cost for options lapsed during the period	-	24,421	(24,421)	-
Balance at 31 December 2008	31,945,649	(30,872,032)	-	1,073,617

Cash Flow Statement

For the half year ended 31 December 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
Cash inflow (outflow) from operating activities		
Consultancy fees	53,700	-
Export market development grant	9,538	-
Interest received	45,028	36,193
Rentals received	6,600	6,600
Research & development tax concession	59,028	60,324
Sales proceeds	900	2,280
Sundry income	130	-
Payments to suppliers and employees	<u>(543,860)</u>	<u>(592,246)</u>
Decrease in cash & cash equivalents	(368,936)	(486,849)
Cash & cash equivalents at start of the half year	<u>1,406,791</u>	<u>1,381,012</u>
Cash & cash equivalents at end of the half year	<u>1,037,855</u>	<u>894,163</u>

Notes to Financial Statements

For the half year ended 31 December 2008

Note 1 Basis of preparation of the half year financial statements

The financial statements for the half year ended 31 December 2009 are part of a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB134 Interim Financial Reporting.

These financial statements are to be read in conjunction with the annual report for the year ended 30 June 2008 and any announcements made by HiTec Energy Limited since that date in accordance with continuous disclosure requirements of the Corporations Act 2001.

The half year report does not include full disclosures of the type normally included in annual financial statements.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half year reporting period.

This financial report was approved by directors on 18 February 2009.

Note 2 Events subsequent to reporting date

Since 31 December 2008, the Company has made two media releases, on 16 January 2009 and 11 February 2009 respectively, which together detail the results achieved from the 2008 exploration programme carried out at Ant Hill and Sunday Hill as part of the Mesa Mining Joint Venture activities on those mining leases. The Directors believe that the matters disclosed by these two media releases are likely to materially affect the operations of the Company or the state of affairs of the Company in current or future financial periods in a positive manner.

Foremost amongst these positive impacts is the Company's likely move to a position of positive cash flow from the sale of manganese lump ores into the manganese alloy industry within the ensuing reporting period. Also of significance, is the expectation of a revised JORC resource for the Ant Hill mining lease based upon the knowledge gleaned from the 2008 exploration programme.

Note 3 Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 4 Segment Information

The company operates in one business segment, the mineral resources sector, applying its resources towards achieving its various mineral sector strategies in an undivided manner. At the date of this report, there are no established operating businesses that might be classified as 'business segments'. Accordingly, no meaningful allocation of assets, liabilities, revenues or costs between activities or geographic regions is possible.

Note 5 Dividends

No dividends have been paid or declared during the half year ended 31 December 2008.

Notes to Financial Statements

For the half year ended 31 December 2008

Note 6 Debt or equity securities

During the half year there were no issuances, repurchases or repayments of debt or equity securities. The 1,500,000 options remaining outstanding under the Employee Option Incentive Scheme expired during the half year on 24 November 2008.

Note 7 Joint venture interests

On 29 April 2008, the company entered into a farm-in and joint venture agreement with Auvex Resources Limited (Auvex) under which Auvex may acquire a 50% interest in the company's two mining tenements, and associated exploration tenement applications, by the payment of \$1m to HiTec in recognition of expenditures on the leases up to 2007, plus the payment of the first \$7.25m of project costs. Auvex is the manager of the farm-in and production joint venture and by 31 December 2008, had paid the A\$1m due to HiTec and incurred a further \$5.7m towards its spending obligations under the agreement. (Comprising \$3.8m in certified farm-in payments to 31 December 2008, plus a further \$1.9m in estimated farm-in commitments at that date.) Should the joint venture be initiated prior to Auvex actually spending the full \$7.25m, then it must fund the initial joint venture production or capital cash calls for both parties to the extent of the unspent balance.

Simultaneously with the farm-in and joint venture agreement, Auvex and HiTec also entered into a heads of agreement for the joint sale of ore anticipated from the production joint venture. HiTec is the manager of joint sales arrangements, acting as an agent for the joint venture parties, and by 31 December 2008, the joint venture partners had incurred marketing expenditures of \$185,930 of which HiTec's 50% has been expensed in the half year.

Whilst the joint venture has yet to be formed, interim approvals have been granted to the parties under which trial shipments of ore up to a maximum of 60,000 tonnes may be made. Towards this end, and as part of its spending obligation, by the end of the half year Auvex had accumulated at the mine site 30,000 tonne of saleable lump manganese ore and 30,000 tonnes of other lump chip or fines ores suitable for beneficiation into saleable product or use as a secondary processing feedstock. HiTec has a 50% undivided interest in these ores and has included them in inventories albeit at zero cost (refer Note 8).

Note 8 Inventories

	31 Dec 08	30 Jun 08
	\$	\$
Batteries	149	895
15,000 tonnes manganese oxide lump ore (at an average grade of 43%Mn)	-	-
10,000 tonnes manganese oxide lump ore (at an average grade of 37%Mn held for further beneficiation)	-	-
5,000 tonnes manganese oxide fines ore (at an average grade of 30%Mn held for future secondary processing)	-	-
	<u>149</u>	<u>895</u>

(NB: All ore inventories held at 31 December 2008 have the potential to be sold or processed thus yielding substantial future cash flow for the Company. They were acquired for nil cost under the JV arrangement (Note 7.))

Notes to Financial Statements

For the half year ended 31 December 2008

Note 9 Related party transactions

There have been no material related party transactions entered into during the current half-year period.

Note 10 Estimates

There are no material estimates included in the financial statements.

Note 11 Financial risk management

There has been no change in the financial risk management policies of the entity during the current half-year period.



BDO Kendalls

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF HITEC ENERGY LIMITED
REPORT ON THE HALF-YEAR FINANCIAL REPORT**

We have reviewed the accompanying half-year financial report of HiTec Energy Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of HiTec Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of HiTec Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls


Glyn O'Brien
Director

Signed at Perth this 18th day of February 2009.



BDO Kendalls

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18th February 2009

The Directors
HiTec Energy Limited
1st Floor, 30 Richardson Street
WEST PERTH WA 6005

Dear Sirs

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF HITEC ENERGY LIMITED

As lead auditor for the review of HiTec Energy Limited for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Glyn O'Brien
Director

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.

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